

SECRET

DPD-5100-59

6 August 1959

MEMORANDUM FOR THE RECORD

SUBJECT : Contract No. FL-3011, Appendix II, Westinghouse Electric Corp.

1. Amendment No. 10 to Contract No. FL-3011 sets forth \$74,769.00 as the final redetermined price for Item No. 1 of Appendix II.

2. The Comptroller by letter dated May 14, 1959, DPD-3195-59 notified the Contractor as follows:

"We have also noted, Bob, that during the months of April, May and June of 1957, \$600.00 per month was paid to your overseas personnel, and this total of \$1,800 has not been deducted from subsequent invoices. Notifications of the three payments were made in our letters to you numbered as follows:

No. 15950 of 21 May 1957
No. 16695 of 19 June 1957
No. 17799 of 23 July 1957

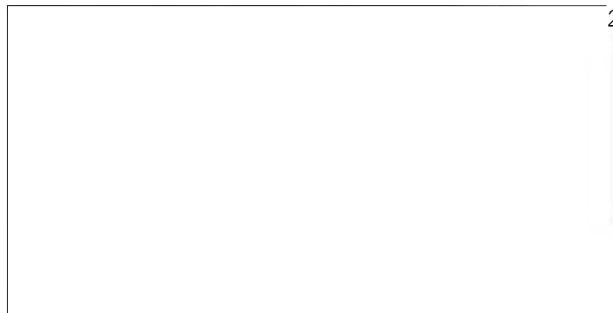
Please check into this matter, and if your records agree with ours, we will make the necessary deduction from final payment."

Attached is copy 2 of a letter from the Contractor dated May 28, 1959, DPD-3788-59, in reply to the above mentioned letter. The letter states that their final claim had been reduced by the amount of this \$1800 advance or in effect a net cost claim of \$61,734.00, excluding G&A and profit instead of a gross claim of \$63,534.00.

3. We have checked the Air Force Audit Report #95 dated 25 February 1958, SAPC-25163 which reads in part as follows:

"Credit has been properly effected on the books and in the proposal for advances of \$3,791.00 made by the customer to contractor personnel."

Following is an excerpt from the work papers of the Air Force Auditor:



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"

B-7
10/24/57

Proposal Covering Item 1 under Appendix II
Advances by Customer and Credits Therefor against Costs

	<u>Advancements</u>	<u>Credits against Costs</u>
Week ending 5/5/57	3 @ \$200 = 600	
" 6/21/57	2 @ 200 = 400	
" 6/9/57	1 @ 200 = 200	
6/28/57		1 @ 200 = 200
Week ending 7/14/57		66
" 7/7/57	1 @ 200 = 200	
" 7/28/57		614
" 6/30/57	1 @ 200 = 200	
" 7/21/57		605
" 7/14/57		61
" 7/7/57		67
" "		200
8/19/57		200
"		200
"		578
8/14/57		614
8/14/57		200
8/9/57		67
"		200
"		61
"		605
"		200
"		66
9/17/57		3 @ 200 = 600
7/31/57	578	
	<u>\$3791</u>	<u>\$3791</u>

As indicated above costs incurred have been reduced by
advances made by customer."

4. In view of the audit report the Contracting Officer concurs with the Contractor's stand. It is felt that the contract should not be amended to reflect the gross amount as the Company would then be in a position to ask for G&A and profit. It is felt that this memorandum can serve as a basis for reflecting the additional allowance of \$1800 or a final amount of \$76,569.00 for Item 1 of Appendix II, making the total contract price \$4,242,881 rather than \$4,241,081 as stated in Amendment No. 10 and serve as a media for reinstating \$1800 of Fiscal Year 1957 Chalice funds.

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5. Accordingly, the Project ACR's for FY-1957 should be adjusted to show a revised obligation balance of \$80,992 for Items 1 and 2 of Appendix II. This entry can be effected within the Allotment 7-1004-50-008 from a previous contract saving of \$31,189 (Amendment #10) which has not, as yet, been utilized.

Contracting Officer, DPD

CONCUR:

8/7/59

Comptroller, DPD

DPD-DD/P:HL:pf

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